

Before the
Federal Communications Commission
Washington, D.C. 20554

MAR 29 2007

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In the Matter of)	
)	
VERIZON COMMUNICATIONS, INC.,)	WT Docket No. 06-113
Transferor,)	
)	
and)	
)	
AMERICA MOVIL, S.A. DE C.V., Transferee,)	
)	
Application for Authority to Transfer Control of)	
Telecomunicaciones de Puerto Rico, Inc.)	
(TELPRI))	

MEMORANDUM OPINION AND ORDER AND DECLARATORY RULING

Adopted: March 26, 2007

Released: March 26, 2007

By the Commission: Commissioners Copps and Adelstein approving in part, dissenting in part, and issuing separate statements.

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I. INTRODUCTION

1. In this Memorandum Opinion and Order and Declaratory Ruling, we consider an application filed by Verizon Communications, Inc. (Verizon) (transferor), and América Móvil, S.A. de C.V. (America Movil) (transferee) (collectively, Applicants) for authority to transfer control of the domestic and international Section 214 authorizations and Title III licenses held by subsidiaries of Telecomunicaciones de Puerto Rico, Inc. (TELPRI), from Verizon to America Movil (Transfer of Control Application).¹ Based on the record established in this proceeding, we find that the Applicants have met their burden and that grant of this Transfer of Control Application and the petition for declaratory ruling under Section 310(b)(4) of the Communications Act will serve the public interest, convenience and necessity, subject to the conditions specified below. We also deny the petitions filed in response to the Transfer of Control Application. We also grant the Petition to Adopt Conditions to Authorizations and Licenses filed by the United States Department of Justice, the Federal Bureau of Investigation and the United States Department of Homeland Security, and also grant the Petition to Attach Conditions filed by the United States Department of Defense.

II. BACKGROUND

A. The Current Ownership Structure

2. Telecomunicaciones de Puerto Rico, Inc. (TELPRI), through its wholly-owned subsidiary, the Puerto Rico Telephone Company, Inc. (PRTC), is the current holder of Section 214 domestic authorizations and Title III licenses to provide wireline and wireless telecommunications to consumers in Puerto Rico, and, through its subsidiary, PRT Larga Distancia, Inc. (PRT LD), is authorized to provide interstate telecommunications services between Puerto Rico and the U.S. mainland

¹ See Applications of Verizon Communications, Inc., Transferor, and America Movil, S.A. de C.V., Transferee, for Consent to the Transfer of Control of Entities Holding Commission Licenses and Authorizations Pursuant to Section 214 and 310(d) of the Communications Act, ULS File No. 0002597508; IBFS File Nos. ITC-T/C-20060510-00269, ISP-PDR-20060509-00006 (filed May 9, 2006) (Transfer of Control Application). The overall Transfer of Control Application consists of three applications—an Application for Authority to Transfer Domestic Section 214 Authorizations (Domestic Authorizations Application), an Application for Authority to Transfer International Section 214 Authorizations (International Authorizations Application), and an Application for Authority to Transfer Title III Wireless Licenses (Wireless Licenses Application). The application for consent to transfer control of wireless licenses, ULS File No. 0002597508, contains a transaction overview (Transaction Overview) that includes a petition for declaratory ruling (Declaratory Ruling Petition). The Transaction Overview also includes a Public Interest Statement (America Móvil/Verizon Public Interest Statement). On June 8, 2006, Attorneys for Verizon and America Móvil file a letter submitting supplemental information on the application. See Letter from Michael Jones, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated June 8, 2006 (June 8 Letter). See also Letter from Philip L. Verveer, Michael G. Jones, and Daniel K. Alvarez, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated November 1, 2006 (November 1 Letter); Letter from Daniel K. Alvarez, Willkie, Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated December 1, 2006 (December 1 Letter); Letter from Daniel K. Alvarez, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated December 6, 2006 (December 6 Letter); Letter from Philip L. Verveer, Michael G. Jones, and Daniel K. Alvarez, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated December 14, 2006 (December 14 Letter); Letter from Daniel K. Alvarez, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated January 8, 2007 (January 8 Letter); Letter from Philip L. Verveer, Michael G. Jones, and Daniel K. Alvarez, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated February 26, 2007 (February 26 Letter). Appendix A to this *Memorandum Opinion and Order and Declaratory Ruling* lists the authorizations and licenses associated with the Transfer of Control Application.

and other U.S. points and international telecommunications services between the United States and overseas points.² Additionally, PRTC provides postpaid and prepaid mobile telephony service in Puerto Rico under the Verizon brand name. TELPRI is owned by Verizon and certain other shareholders, but is controlled by Verizon. PRTC is the largest provider of telecommunications services in Puerto Rico, with approximately 1.1 million wireline subscribers and approximately 500,000 wireless subscribers.

3. Prior to 1999, PRTC was the monopoly provider of wireline telecommunications in Puerto Rico and was owned by the Puerto Rico Telecommunications Authority (PRTA), an agency of the government of the Commonwealth of Puerto Rico. In that year, the Telecommunications Board of Puerto Rico (Board) began the process of privatizing PRTC and approved an application by PRTC and PRT LD to transfer control of PRTC's licenses under Title III and a global resale authorization under Section 214 of the Communications Act to GTE Holdings (Puerto Rico) LLC (GTE Holdings). GTE Holdings had proposed to acquire at least 51 percent plus one share of the stock in TELPRI (which, at that time, was a wholly-owned subsidiary of PRTA). Additionally, the privatization plan called for GTE and PRTA to transfer shares of stock in TELPRI to Popular Inc.,³ to private investors, and to a PRTC employees stock ownership plan. At the close of the transaction, GTE held 40 percent of the stock in PRTC, with an option to acquire additional stock from PRTA at a future date. The privatization agreement also called for GTE to acquire control of PRTC.

4. The Board conditioned its approval of the privatization agreement upon GTE's continued compliance with an order already in effect that required PRTC to grant equal access to its network to competing telephone companies and to comply with network information disclosures, customer proprietary information protections and service data reporting requirements. The Board stated that it was relying upon a pledge by GTE to invest more than \$850 million to improve PRTC facilities and services over a five-year period following approval of the privatization agreement.

5. In 2000, slightly less than a year after approval of the privatization agreement, the FCC approved the merger of GTE and Bell Atlantic Corporation.⁴ The merged company changed its name to Verizon Communications, Inc., under which it currently operates.

B. The Applicants

1. The Transferor

6. Verizon, through its subsidiaries, operates local and long distance telecommunications services in the United States, and maintains communications networks, with facilities in North America, Latin America, Europe and Asia. Verizon is a majority owner of Verizon Wireless, which serves approximately 53 million voice and data subscribers in the United States.⁵ Verizon indirectly owns TELPRI through its wholly-owned subsidiary GTE Holdings (Puerto Rico) LLC (GTE Holdings)!

² Both PRTC and PRT LD are wholly owned operating subsidiaries of TELPRI. PRTC is authorized, pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), to provide domestic telecommunications services, 47 U.S.C. § 214. PRT LD is authorized pursuant to section 214 of the Act to provide domestic, interstate and international services.

³ Popular Inc. is the holding company that owns Banco Popular de Puerto Rico, one of the largest financial institutions in Puerto Rico. Telecommunications Regulatory Board of Puerto Rico, Petition to Deny of the Telecommunications Regulatory Board of Puerto Rico, filed July 14, 2006 (Board Petition) at 5, n.4.

⁴ See *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee*, CC Docket 98-184, Memorandum Opinion and Order, FCC 00-221, 15 FCC Rcd 14032 (2000) (*Bell Atlantic/GTE Order*).

⁵ See Transaction Overview at 5.

⁶ *Id.* at 2.

2. The Transferee

7. America Movil is a Mexican holding company formed in 2000 as a spin-off from Telefonos de Mexico, S.A. de C.V. (Telmex). At the time the parties filed the application, **40.36** percent of the total capital stock of America Movil was owned directly by America Telecom, which also held a majority of America Movil's full voting shares.⁷ America Telecom, in turn, was majority owned by Mr. Carlos Slim Helú and certain members of his immediate family (collectively, the Slim family), all of whom are Mexican citizens. On February **15, 2007**, Amtrica Telecom merged with and into America Movil. As a result of the merger, the Slim family owns approximately **32.33** percent of the total capital stock of America Móvil and holds a majority of its full voting shares. The remainder of the equity and voting interests in America Móvil remains held by SBC International, Inc. (SBCI), and other Mexican and non-Mexican public investors.

8. America Móvil, through various operating subsidiaries, provides telecommunications services to more than 110 million subscribers in 14 countries in North, Central and South America. America Movil's predominant business (which accounts for 100 million of its subscribers) is the provision of wireless telecommunications services.⁸ America Movil also provides, through various operators, wireline telecommunications services in El Salvador, Guatemala, and Nicaragua that collectively provide service to more than **2** million subscribers. America Movil's sole current operation in the United States is its indirect, controlling interest in TracFone Wireless, Inc. (TracFone), a prepaid wireless telecommunications provider in the United States (including Puerto Rico). As of March, **2006**, TracFone had **6.9** million wireless subscribers in the United States.

C. The Transaction

9. On April **2, 2006**, Sercotel, S.A. de C.V. (Sercotel), a corporation organized under the laws of Mexico and a wholly-owned subsidiary of America Móvil,⁹ entered into an agreement (Stock Purchase Agreement) with GTE Holdings (Puerto Rico) LLC (GTE Holdings), a wholly-owned subsidiary of Verizon, to purchase all of the issued and outstanding shares of common stock in TELPRI held by GTE Holdings, representing **52** percent of the issued and outstanding shares of common stock of TELPRI. Sercotel will pay GTE Holdings **\$72.13567** cash for each share, representing an aggregate purchase price of approximately **\$938** million. Sercotel will acquire shares through Tenedora Telpri, S.A. de C.V. (Tenedora), a newly formed indirect subsidiary of Sercotel organized under the laws of Mexico.¹⁰

⁷ The remainder of the equity and voting interests in America Movil were held by SBC International, Inc. (SBCI), and other Mexican and non-Mexican public investors.

⁸ America Movil's largest business remains the provision of wireless services in Mexico, under the name of Telcel, and serves 37.6 million wireless subscribers. Telcel is another name for Radiomovil Dipsa, S.A. de C.V., a Mexican corporation that is America Movil's main operating subsidiary in Mexico. December 14 Letter at 1-2.

⁹ According to the December 14 Letter, Sercotel is the primary holding company through which America Movil holds shares in other companies. Sercotel is a direct, wholly-owned (99.99%) and controlled subsidiary of America Movil, except for a qualifying share, representing 0.01 percent of Sercotel's capital stock, that is owned by AMX Tenedora, S.A. de C.V. (AMX Tenedora). December 14 Letter at 2. AMX Tenedora is organized under the laws of Mexico and is ultimately wholly owned and controlled by America Movil. *Id.* at 2 & Appendix A. The term "qualifying share" arises from a corporate law requirement in Mexico stipulating that all corporations must have at least two shareholders. *Id.* at 1.

¹⁰ America Móvil states that Tenedora is a direct, wholly-owned (99.99%) and controlled subsidiary of Radiomovil Dipsa, S.A. de C.V., which is also known as Telcel (see *supra* note 8 and accompanying text). Telcel, in turn, is a direct, wholly-owned (99.99%) and controlled subsidiary of Sercotel. December 14 Letter at 1. The (continued....)

10. Additionally, the Stock Purchase Agreement requires that Sercotel purchase any and all shares of TELPRI common stock that the other TELPRI stockholders elect to include in the transaction, without any reduction in the number of shares purchased by Sercotel from GTE Holdings.¹¹ All but one stockholder has elected to participate in the transaction.¹² America Movil is currently slated to purchase at least a 93 percent share of TELPRI.¹³

11. The proposed transaction is part of an overall plan to transfer all of the issued and outstanding shares of common stock of TELPRI to Sercotel. After consummation of the transaction, TELPRI will continue to own the stock of its subsidiaries and TELPRI and its subsidiaries will continue to hold all of the FCC authorizations and licenses that they hold prior to the transaction.¹⁴ The transaction will not affect the licenses and authorizations currently held by América Movil and Verizon, and these companies will continue to provide service to the public.

D. Comments on the Transfer of Control Application

12. The Transfer of Control Application was placed on Public Notice on June 14, 2006.¹⁵ The Commission received a number of comments on the Transfer of Control Application. First, the Commission received a Motion to Address Public Interest Concerns, filed by the Honorable Kenneth D. McClintock and the Honorable Orlando Parga, respectively the President and President Pro Temp of the Senate of Puerto Rico, opposing the transfer of TELPRI to América Móvil.¹⁶ The Commission also received four petitions to deny from WorldNet Telecommunications, Inc (WorldNet),¹⁷ the Telecommunications Regulatory Board of Puerto Rico (Board),¹⁸ Centennial Communications Corp.

(Continued from previous page)

qualifying share of Tenedora, representing 0.01 percent of its capital stock, is held by Amov IV S.A. de C.V. (Amov IV). Amov IV is a holding company organized under the laws of Mexico, and wholly owned and controlled (99.99 percent) by Sercotel, except for a qualifying share, representing 0.01 percent of Amov IV's capital stock, that is held by Telcel. *Id.* The qualifying share of Telcel, representing 0.01 percent of its capital stock, is held by Amov IV. *See id.* at 1-2 & Appendix A (illustrating that all of the named companies are ultimately wholly owned and controlled by America Movil).

¹¹ Transaction Overview at 2.

¹² The remaining 7 percent share is owned by the TELPRI Employee Stock Ownership Plan, which has not decided whether to participate in the transaction. November 1 Letter.

¹³ On May 4, 2006, Popular, Inc., a TELPRI shareholder, agreed to sell America Móvil all the stock it owns in TELPRI, representing approximately 13 percent of the total shares in TELPRI. Since then, the Puerto Rico Telephone Authority has also elected to sell its 28 percent share of TELPRI. November 1 Letter at n.2.

¹⁴ *Id.*

¹⁵ *See America Móvil, Verizon Communications, Inc., and Subsidiaries of Telecomunicaciones de Puerto Rico, Inc., Seek FCC Consent to transfer Control of Licenses and Authorizations and Request a Declaratory Ruling on Foreign Ownership*, WT Docket No. 06-113, Public Notice, 21 FCC Rcd 6492 (2006).

¹⁶ Kenneth D. McClintock and Orlando Parga, Motion to Address Public Interest Concerns, filed July 13, 2006 (McClintock/Parga Motion).

¹⁷ WorldNet Telecommunications, Inc., Petition to Deny of WorldNet Telecommunications, Inc., filed July 14, 2006 (WorldNet Petition).

¹⁸ Telecommunications Regulatory Board of Puerto Rico, Petition to Deny of the Telecommunications Regulatory Board of Puerto Rico, filed July 14, 2006 (Board Petition).

(Centennial),” and Telefonica Larga Distancia de Puerto Rico, Inc. (TLD).²⁰ Additionally, Sprint Nextel Corporation (Sprint) filed comments on the Transfer of Control Application, seeking the imposition of certain conditions upon any grant thereof.” The U.S. Department of Justice (DOJ), for itself and on behalf of the Federal Bureau of Investigation (FBI), with the concurrence of the Department of Homeland Security (DHS), sent a letter requesting the Commission to defer action on the Transfer of Control Application until such time as DOJ, FBI and DHS notify the Commission that potential national security, law enforcement and public safety issues have or have not been resolved.” On December 14, 2006, the United States Department of Defense (DOD) filed a Petition to Defer a grant of the Transfer of Control Application until DOD notified the Commission that potential national security issues have been satisfactorily resolved.²³ On December 15, 2006, DOJ filed a Petition to Adopt Conditions to Authorizations and Licenses.²⁴ On December 19, 2006, DOD filed a Petition to Adopt Conditions to be attached to a grant of the Transfer of Control Application.²⁵

13. America Movil and Verizon filed an opposition to the petitions to deny.²⁶ Centennial, the Board, TLD, and WorldNet filed reply comments to the America Movil and Verizon Opposition.” Additionally, America Movil and Verizon filed reply comments.²⁸ The Communications Workers of America (CWA) and the Union de Trabajadores de las Comunicaciones de Puerto Rico/CWA Local 3010 (UTCPR) filed reply comments.²⁹ Subsequently, Centennial submitted additional information for

¹⁹ Centennial Communications Corp., Centennial Communications Corp. Petition to Deny, filed July 14, 2006 (Centennial Petition).

²⁰ Telefonica Larga Distancia de Puerto Rico, Inc., Petition to Deny, or, in the Alternative, Condition Commission Consent (TLD Petition).

²¹ Sprint Nextel Corporation, Comments of Sprint Nextel Corporation, filed July 12, 2006 (Sprint Comments).

²² Letter from Sigal P. Mandelker, Deputy Assistant Attorney General, U.S. Department of Justice, Criminal Division, to Marlene H. Dortch, Secretary, FCC, dated July 14, 2006 (DOJ Letter).

²³ United States Department of Defense, Petition to Defer, filed December 14, 2006 (DOD Petition to Defer).

²⁴ United States Department of Justice, Petition to Adopt Conditions to Authorizations and Licenses, filed December 15, 2006 (DOJ Petition to Adopt Conditions). The U.S. Department of Justice, including the Federal Bureau of Investigation, filed this petition on behalf of itself and the United States Department of Homeland Security. *Id.* at 1

²⁵ United States Department of Defense, Department of Defense to Adopt Conditions (sic), filed December 19, 2006 (DOD Petition to Attach Conditions).

²⁶ America Movil, S.A. de C.V. and Verizon Communications, Inc., America Móvil's and Verizon's Opposition to Petitions to Deny, filed July 24, 2006 (America Móvil/Verizon Opposition).

²⁷ Centennial Communications Corp., Centennial Communications Corp. Reply to Opposition to Petition to Deny, filed July 28, 2006 (Centennial Reply); Telecommunications Regulatory Board of Puerto Rico, Reply to Opposition, filed July 31, 2006 (Board Reply); Telefónica Larga Distancia de Puerto Rico, Inc., Reply to America Móvil's and Verizon's Oppositions to Petitions to Deny, filed July 31, 2006 (TLD Reply); WorldNet Telecommunications, Inc., Reply of WorldNet Telecommunications, Inc., filed July 31, 2006 (WorldNet Reply).

²⁸ America Móvil, S.A. de C.V. and Verizon Communications, Inc., America Móvil's and Verizon's Reply Comments, filed July 31, 2006 (America Móvil/Verizon Reply).

²⁹ Communications Workers of America and Union de Trabajadores de las Comunicaciones de Puerto Rico/CWA Local 3010, Reply Comments of Communications Workers of America and Union de las Trabajadores de las Comunicaciones de Puerto Rico/CWA Local 3010, filed July 31, 2006 (CWA Reply).

the record bearing on matters it raised in its petition to deny,” to which Verizon replied.” Finally, WorldNet filed comments supporting the matters asserted in Centennial’s submission, and replied to Verizon’s comments.³²

14. All four parties filing petitions to deny argue that the proposed transaction promises no tangible benefits to consumers and poses a substantial threat to competition in the Puerto Rico telecommunications market.³³ They note that America Movil states that users will benefit from its economies of scale, but makes no specific promises of improvements.³⁴ More specifically, WorldNet argues that PRTC has been operating virtually without regulatory oversight, has never been required to prove that it provides non-discriminatory access to unbundled network elements, and has never been required to show that it offers for resale at wholesale rates any telecommunications service that it provides on a retail basis.” Centennial also notes that this transaction represents the first time that an incumbent local exchange carrier (ILEC) will be transferred to a foreign owner. **As** such, Centennial argues that the proposed transaction poses national security, law enforcement, and public safety issues.³⁶

15. The petitioners also argue that the Commission should deny the Transfer of Control Application or subject it to conditions that would ensure that PRTC under the ownership of America Movil will not engage in anticompetitive conduct.³⁷ Petitioners raise a number of arguments about the state of competition in Puerto Rico, including that competition in Puerto Rico is relatively new and fragile.” WorldNet, Centennial and PRT LD note that PRTC still retains a large share of the market in Puerto Rico and that competing entities have had difficulties getting the kind of access to PRTC’s services and facilities that are required for effective competition?” WorldNet notes that PRTC was allowed to enter the long-distance telephone market in 1991, before the enactment of the Telecommunications Act of 1996.⁴⁰ As a result, WorldNet and TLD argue that the conduct of PRTC has never been reviewed to ensure that it grants effective access to its competitors and has not been made subject to the competitive safeguards applicable to other ILECs under the 1996 Act.⁴¹

³⁰ Letter from Christopher W. Savage, Cole, Raywid & Bravennan, to Marlene H. Dortch, Secretary, FCC, dated August 24, 2006 (Centennial Aug. 24 *Ex Parte* Letter).

³¹ Letter from Donna Epps, Vice President, Federal Regulatory, Verizon Communications, Inc., to Marlene H. Dortch, Secretary, FCC, dated September 1, 2006 (Verizon Sept. 1 *Ex Parte* Letter).

³² Letter from H. Russell Frisby, Jr., Fleischman and Walsh, L.L.P., to Marlene H. Dortch, Secretary, FCC, dated September 21, 2006.

³³ WorldNet Petition at 10-20; Centennial Petition at 2-3; Board Petition at 8-12; TLD Petition at 16-46. In addition to Centennial, TLD, and WorldNet, Sprint proposed conditions to the transfer of control, but did not file a petition to deny. Sprint Comments at 4-6.

³⁴ TLD Petition at 16-22; Board Petition at 8-10; Centennial Reply at 1-2; Board Reply at 5-8; WorldNet Reply at 3-10.

³⁵ WorldNet Petition at 12-3

³⁶ Centennial Petition at 1-2. *See also* McClintock/Parga Motion at 5-6; CWA Comments at 2

³⁷ Centennial Petition at 8-16; WorldNet Petition at 21-27, 28-38; Board Petition at 11-13; TLD Petition at 52-58.

³⁸ WorldNet Petition at 14-16; TLD Petition at 10-16, 23-25; Board Petition at 3-4; Centennial Petition at 8. *See also* Sprint Comments at 2-4.

³⁹ WorldNet Petition at 7, 14-19; Centennial Corp. Petition at 2,8; PRT LD Petition at 10-16.

⁴⁰ WorldNet Petition at 10-13

⁴¹ WorldNet Petition at 27-28; TLD Reply at 17-18.

16. In the Applicants' opposition to the petitions to deny, America Móvil and Verizon assert that the proposed transfer of TELPRI will serve the public interest and will not threaten competition in the Puerto Rico market. Applicants argue that America Movil is a large company whose economies of scope and scale will benefit users. Applicants argue that the transfer would not increase concentration in the Puerto Rico market, because the only overlap with existing carriers in Puerto Rico is America Movil's limited provision of resold prepaid mobile telephony service to a few thousand Puerto Rico customers through its subsidiary TracFone. Rather, Applicants characterize the petitions as largely an attempt to air a number of grievances against TELPRI unrelated to the transfer of TELPRI to America Móvil. Finally, Applicants argue that petitioners' assertions concerning America Movil's foreign ownership are speculative and that such ownership does not adversely affect the ability of the Board to require TELPRI to comply with applicable regulations.

III. PUBLIC INTEREST ANALYSIS

A. Framework of Analysis

17. Pursuant to sections 214(a) and 310(d) of the Act,⁴² the Commission must determine whether the proposed transfer of control to America Movil of licenses and authorizations held and controlled by TELPRI will serve the public interest, convenience, and necessity.⁴³ In making this determination, we first assess whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, and the Commission's rules. If the proposed transaction would not violate a statute or rule, the Commission considers whether it could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes. The Commission then employs a balancing test weighing any potential public interest harms of the proposed transaction against the potential public interest benefits.⁴⁴ The Applicants bear the burden of proving, by

⁴² 47 U.S.C. §§ 214(a), 310(d).

⁴³ 41 U.S.C. § 310(d) requires that we consider applications for transfer of Title III licenses under the same standard as if the proposed transferee were applying for the licenses directly under section 308 of the Act, 41 U.S.C. § 308. See *Applications of Guam Cellular and Paging, Inc. and DoCoMo Guam Holdings, Inc.*, WT Docket No. 06-96, Memorandum Opinion and Order and Declaratory Ruling, 21 FCC Rcd 13580, 13588, ¶ 13 (2006) (*DoCoMo-Guam Cellular Order*); *Applications of Midwest Wireless Holdings, L.L.C. and ALLTEL Communications, Inc.*, WT Docket No. 05-339, Memorandum Opinion and Order, 21 FCC Rcd 11526, 11535, ¶ 16 (2006) (*ALLTEL-Midwest Wireless Order*); *SBC Communications, Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, WC Docket No. 05-65, Memorandum Opinion and Order, FCC 05-183, 20 FCC Rcd 18290, 18300, n.60 (2005) (*SBC/AT&T Order*); *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, WC Docket No. 05-75, Memorandum Opinion and Order, FCC 05-184, 20 FCC Rcd 18433, 18443, n.59 (2005) (*Verizon/MCI Order*); *Applications of Western Wireless Corporation and Alltel Corporation for Consent to Transfer Control of Licenses and Authorizations*, WT Docket No. 05-50, Memorandum Opinion and Order, FCC 05-138, 20 FCC Rcd 13053, 13062-63, ¶ 17 (2005) (*Alltel/Western Wireless Order*); *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation*, WT Docket 04-70, Memorandum Opinion and Order, FCC 04-255, 19 FCC Rcd 21522, 21542, 140 (2004) (*Cingular/AT&T Wireless Order*); *General Motors Corporation and Hughes Electronics Corporation, Transferors, and The News Corporation Limited, Transferee*, MB Docket No. 03-124, Memorandum Opinion and Order, FCC 03-330, 19 FCC Rcd 473, 485, ¶ 18 (2004) (*News Corp./Hughes Order*).

⁴⁴ See, e.g., *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13589, ¶ 13; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11535, ¶ 16; *SBC/AT&T Order*, 20 FCC Rcd at 18300, ¶ 16; *Verizon/MCI Order*, 20 FCC Rcd at 18443, ¶ 16; *Applications of Nextel Communications, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations*, WT Docket No. 05-63, Memorandum Opinion and Order, FCC 05-148, 20 FCC Rcd 13967, 13976, ¶ 20 (2005) (*Sprint-Nextel Order*); *Alltel/Western Wireless Order*, 20 FCC Rcd at 13062-63, ¶ 17; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21542-43, ¶ 40; *News Corp./Hughes Order*, 19 FCC Rcd at 483, ¶ 15; *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee*, CC Docket 98- (continued....)

a preponderance of the evidence, that the proposed transaction, on balance, serves the public interest.⁴⁵ If we are unable to find that the proposed transaction serves the public interest for any reason, or if the record presents a substantial and material question of fact, we may designate the Transfer of Control Application for hearing.⁴⁶

18. Our public interest evaluation necessarily encompasses the “broad aims of the Communications Act,” which include, among other things, a deeply rooted preference for preserving and enhancing competition in relevant markets, accelerating private sector deployment of advanced services, ensuring a diversity of license holdings, and generally managing the spectrum in the public interest.⁴⁸ Our public interest analysis may also entail assessing whether the proposed transaction will

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184, Memorandum Opinion and Order, FCC 00-221, 15 FCC Rcd 14032, 14046, ¶¶ 20, 22 (2002); *Applications of VoiceStream Wireless Corporation and Powertel, Inc., Transferors, and Deutsche Telekom AG, Transferee*, IB Docket No. 00-187, Memorandum Opinion and Order, FCC 01-142, 16 FCC Rcd 9779, 9789, ¶ 17 (2001) (*Deutsche Telekom/VoiceStream Order*); *Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission’s Rules*, CC Docket No. 98-141, Memorandum Opinion and Order, FCC 99-279, 14 FCC Rcd 14712, 14737-38, ¶ 48 (1999) (*SBC/Ameritech Order*); *Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc.*, CC Docket No. 97-211, Memorandum Opinion and Order, FCC 98-225, 13 FCC Rcd 18025, 18031, ¶ 10 (1998) (*WorldCom/MCI Order*); *Applications of NYNEX Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of NYNEX Corporation and its Subsidiaries*, Memorandum Opinion and Order, FCC 97-286, 12 FCC Rcd 19985, 19987, ¶ 2 (1997).

⁴⁵ See, e.g., *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13589, ¶ 13; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11535, ¶ 16; *SBC/AT&T Order*, 20 FCC Rcd at 18300, ¶ 16; *Verizon/MCI Order*, 20 FCC Rcd at 18443, ¶ 16; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21542-44, ¶ 40 (citing, e.g., *News Corp./Hughes Order*, 19 FCC Rcd at 483, ¶ 15; *Applications for Consent to the Transfer of Control of Licenses from Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee*, MB Docket No. 02-70, Memorandum Opinion and Order, FCC 02-310, 17 FCC Rcd 23246, 23255, ¶ 26 (2002) (*AT&T/Comcast Order*); *Application of EchoStar Communications Corporation (a Nevada Corporation), General Motors Corporation, and Hughes Electronics Corporation (Delaware Corporations) (Transferors) and EchoStar Communications Corporation (a Delaware Corporation) (Transferee)*, CS Docket No. 01-348, Hearing Designation Order, FCC 02-284, 17 FCC Rcd 20559, 20574, ¶ 25 (2002) (*EchoStar/DirecTV Order*)).

⁴⁶ We are not required to designate for hearing applications for the transfer or assignment of Title II authorizations when we are unable to find that the public interest would be served by granting the applications. See *ITT World Communications, Inc. v. FCC*, 595 F.2d 897, 901 (2d Cir. 1979). We may, however, do so if we find that a hearing would be in the public interest. However, with respect to the applications to transfer licenses subject to Title III of the Act, if we are unable to find that the proposed transaction serves the public interest, or if the record presents a substantial and material question of fact, section 309(e) of the Act requires that we designate the application for hearing, 47 U.S.C. § 309(e); see *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13589, ¶ 13; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11535, ¶ 16; *EchoStar/DirecTV Order*, 17 FCC Rcd at 20574, ¶ 25; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21542-44, ¶ 40.

⁴⁷ See *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13591, ¶ 15; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11537, ¶ 18; *SBC/AT&T Order*, 20 FCC Rcd at 18301, ¶ 17; *Verizon/MCI Order*, 20 FCC Rcd at 18443, ¶ 17; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21544, 141 (citing, e.g., *News Corp./Hughes Order*, 19 FCC Rcd at 483-84, ¶ 16; *AT&T/Comcast Order*, 17 FCC Rcd at 23255, ¶ 27; *EchoStar/DirecTV Order*, 17 FCC Rcd at 20575, ¶ 26).

⁴⁸ See 47 U.S.C. §§ 157 nt. (incorporating section 706 of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act)), 254, 332(c)(7)); 1996 Act, Preamble; *DoCoMo-Guam Cellular Order*, 21 (continued...)

affect the quality of communications services or will result in the provision of new or additional services to consumers.⁴⁹ In conducting this analysis, the Commission may consider technological and market changes, and the nature, complexity, and speed of change of, as well as trends within, the communications industry.⁵⁰

19. Our analysis starts with an examination of whether the Applicants are qualified to hold and assign licenses pursuant to sections 214(a) and 310(d) of the Act.” Next, we consider the arguments raised by commenters regarding the potential harms and benefits of the proposed transaction, as well as its effects on competition. Next, we consider the need for international dominant carrier regulation. Then we consider foreign ownership issues. Finally, we consider issues related to national security, law enforcement, foreign policy, and trade policy.

B. Qualifications of the Applicants

20. As a threshold matter, we must determine whether the Applicants meet the requisite qualifications to hold and transfer licenses under section 310(d) of the Act and the Commission’s rules. In general, when evaluating assignments under section 310(d), we do not re-evaluate the qualifications of the transferor.⁵² The exception to this rule occurs where issues related to basic qualifications have been designated for hearing by the Commission or have been sufficiently raised in petitions to warrant the designation of a hearing.⁵³ This is not the case here, so we need not re-evaluate Verizon’s basic qualifications.

21. Section 310(d) also requires that the Commission consider the qualifications of the proposed transferee as if the transferee were applying for the license directly under section 308 of the

(Continued from previous page)

FCC Rcd at 13591, ¶ 15; *SBC/AT&T Order*, 20 FCC Rcd at 18301, ¶ 17; *Verizon/MCI Order*, 20 FCC Rcd at 18443-44, ¶ 17; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21544, ¶ 41; see also *WorldCom/MCI Order*, 13 FCC Rcd at 18030-31, ¶ 9; 2000 *Biennial Regulatory Review Spectrum Aggregation Limits for Commercial Mobile Radio Services*, Report and Order, FCC 01-328, 16 FCC Rcd 22668, 22696, ¶ 55 (2001) (citing 47 U.S.C. §§ 301, 303, 309(j), 310(d)); cf. 47 U.S.C. §§ 521(4), 532(a)).

⁴⁹ See *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13591, ¶ 15; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11537, ¶ 18; *SBC/AT&T Order*, 20 FCC Rcd at 18301, ¶ 17; *Verizon/MCI Order*, 20 FCC Rcd at 18443-44, ¶ 17; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21544, ¶ 41 (citing, e.g., *AT&T/Comcast Order*, 17 FCC Rcd at 23255, ¶ 27; *WorldCom/MCI Order*, 13 FCC Rcd at 18030-31, ¶ 9).

⁵⁰ See *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13591, ¶ 15; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11537, ¶ 18; *SBC/AT&T Order*, 20 FCC Rcd at 18301-02, ¶ 17; *Verizon/MCI Order*, 20 FCC Rcd at 18444, ¶ 17; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21544, ¶ 41.

⁵¹ 47 U.S.C. §§ 214(a), 310(d).

⁵² See *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13590, ¶ 14; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11536, ¶ 17; *Sprint Nextel-Nextel Partners Order*, 21 FCC Rcd at 7362, ¶ 10; *SBC-AT&T Order*, 20 FCC Rcd at 18379, ¶ 171; *Verizon-MCI Order*, 20 FCC Rcd at 18526, ¶ 183; *Sprint-Nextel Order*, 20 FCC Rcd at 13979, 124; *ALLTEL-Western Wireless Order*, 20 FCC Rcd at 13063-4, ¶ 18; *Cingular-AT&T Wireless Order*, 19 FCC Rcd at 21546, ¶ 44; *Deutsche Telekom/VoiceStream Order*, 16 FCC Rcd at 9790, ¶ 19.

⁵³ See *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13590, ¶ 14; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11536, ¶ 17; *Sprint Nextel-Nextel Partners Order*, 21 FCC Rcd at 7362, ¶ 10; *SBC-ATT Order*, 20 FCC Rcd at 18379, ¶ 171; *Verizon-MCI Order*, 20 FCC Rcd at 18526, ¶ 183; *Sprint-Nextel Order*, 20 FCC Rcd at 13979, ¶ 24; *ALLTEL-Western Wireless Order*, 20 FCC Rcd at 13063-4, ¶ 18; *Cingular-AT&T Wireless Order*, 19 FCC Rcd at 21546, ¶ 44; *Deutsche Telekom/VoiceStream Order*, 16 FCC Rcd at 9790, f 19.

Act.⁵⁴ Several parties have raised issues as to the likelihood of América Móvil's engaging in anticompetitive conduct, which we discuss below. The only challenge to the basic qualifications of the transferee in this transaction is the allegation that America Movil, as a predominantly wireless carrier, lacks the qualifications to acquire PRTC.⁵⁵ We find, based on the evidence in the record,⁵⁶ that America Móvil has extensive telecommunications experience, including with wireline carriers, and that commenters have failed to raise any question with regard to America Movil's qualifications to acquire PRTC. Furthermore, we find no evidence that the transferee lacks the requisite financial, legal, technical or other basic qualifications to be a licensee under the Communications Act. Thus, we find that America Movil possesses the basic qualifications to be the transferee of the subject licenses and authorizations.

C. Effect on Competition

1. Analytical Framework

22. In this section, we consider the potential public interest harms, including potential harms to competition, arising from this transfer of control. Consistent with Commission precedent, in addition to considering whether the transfer of control will reduce existing competition, we also must focus on its likely effect on future competition.⁵⁷ Below, we discuss the potential competitive effects of the transaction in the wireline and mobile telephony markets in Puerto Rico. In doing so, we recognize that America Movil will assume control over local exchange facilities needed by other providers,⁵⁸ but find, on the record before us, that the proposed transaction is not likely to have an anticompetitive effect in Puerto Rico.

2. Wireline Telecommunications Market

23. Based on the evidence in the record, we find that there is no increase in concentration in

⁵⁴ Section 308 requires that applicants for Commission licenses set forth such facts as the Commission may require as to citizenship, character, and financial, technical, and other qualifications. *See* 47 U.S.C. § 308. Our rules implementing the provisions of section 308 regarding an applicant's qualifications to hold the Commission licenses involved in this transfer are set forth in Parts 5, 25 and 63 of the Commission's rules. *See* 47 C.F.R. Parts 5, 25, 63. *See also DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13590, ¶ 14; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11536, ¶ 17; *Sprint Nextel-Nextel Partners Order*, 21 FCC Rcd at 7362, ¶ 10; *SBC-ATT Order*, 20 FCC Rcd at 18379, ¶ 171; *Verizon-MCI Order*, 20 FCC Rcd at 18526, ¶ 183; *ALLTEL-Western Wireless Order*, 20 FCC Rcd at 13063-4, ¶ 18; *Cingular-AT&T Wireless Order*, 19 FCC Rcd at 21546, ¶ 44.

⁵⁵ *See* TLD Petition at 17-18.

⁵⁶ *See* América Móvil/Verizon Public Interest Statement at 3. America Movil's subsidiaries are the primary wireline providers in Guatemala, El Salvador, and Nicaragua. Additionally, America Movil is under common control with Telmex, the largest provider of wireline services in Mexico. *Id.*

⁵⁷ *See DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13591, ¶ 16; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11538, ¶ 19; *SBC-ATT Order*, 20 FCC Rcd at 18302, ¶ 18; *Verizon-MCI Order*, 20 FCC Rcd at 18444, ¶ 18; *Sprint-Nextel Order*, 20 FCC Rcd at 13978, ¶ 22; *ALLTEL-Western Wireless Order*, 20 FCC Rcd at 13065, ¶ 20; *Cingular-AT&T Wireless Order*, 19 FCC Rcd at 21545, ¶ 44; *Verizon/MCI Merger Order*, 20 FCC Rcd at 18444-45, ¶ 18; *SBC/AT&T Merger Order*, 20 FCC Rcd at 18302, ¶ 18.

⁵⁸ *See* América Móvil/Verizon Opposition at 20-23 (acknowledging that America Movil is subject to the market opening provisions of the Act); Board Reply at 6-7 ("... competitors remain highly dependent on the PRTC network and 'back office' infrastructure."); Centennial Petition at 4-8; TLD Petition at 53-57; WorldNet Petition at 5-6, 14-20 (all seeking to ensure merged entity's compliance with section 251 interconnection duties); TLD Reply at 12-16.

any wireline telecommunications market due to this transfer of control.⁵⁹ The evidence shows that there is no overlap in the wireline market between America Movil and TELPRI.⁶⁰ The only existing overlap between América Móvil and TELPRI is América Móvil's limited provision of resold prepaid mobile telephony service in Puerto Rico.⁶¹ Notwithstanding the lack of wireline overlap, commenters raise a variety of issues in this proceeding related to competition in Puerto Rico, which are discussed below.

24. First, commenters argue that the market in Puerto Rico is not currently competitive and that the Commission should deny the transaction because TELPRI has a dominant share of the local wireline market.⁶² This is not a valid basis for denying a transaction that results in no increase in concentration in the relevant market.⁶³ Similarly, we reject commenters' assertions that the transaction eliminates America Movil as a potential competitor in a market where competition is needed.⁶⁴ As described above, America Movil provides only mobile telephony service currently, not wireline service, and commenters do not claim that America Movil had plans to enter the wireline market without this transaction.

25. Second, we reject commenters' assertions that we should deny this transaction based on an alleged lack of competition in Puerto Rico that is due to TELPRI's past performance in opening local wireline markets to competitors.⁶⁵ Specifically, commenters assert competition in Puerto Rico has been dampened by: (1) past anticompetitive conduct by TELPRI, (2) the fact that TELPRI was not subject to the section 271 process, and (3) the fact that TELPRI was exempt from conditions imposed on Verizon in the *GTE/Bell Atlantic Order*.⁶⁶ Consistent with Commission precedent, we decline to address these claims in this proceeding because the concerns raised are not specific to this transaction.⁶⁷ Moreover, as we describe below, TELPRI has been, and America Movil will be, subject to the market-opening requirements in section 251 of the Act.⁶⁸ Further, we reject commenters' assertions that TELPRI's past behavior is evidence of the likely future behavior of the proposed transferee, which is not currently involved in the operations of TELPRI.⁶⁹

26. Third, we reject commenters' assertions that America Movil will cross-subsidize its mobile telephony service activities or wireline business activities, both of which face competitive

⁵⁹ See America Movil/Verizon Public Interest Statement at 6-11; America Movil/Verizon Opposition at 8-13. Consistent with Commission precedent, transactions that do not significantly increase concentration or result in a concentrated market ordinarily require no further competitive analysis. See *Sprint/Nextel Merger Order*, 20 FCC Rcd 13981, ¶ 31; *Cingular/AT&T Wireless Merger Order*, 19 FCC Rcd at 21556-57, ¶ 69.

⁶⁰ See América Móvil/Verizon Public Interest Statement at 6-11; América Móvil/Verizon Opposition at 8-13.

⁶¹ See América Movil/Verizon Public Interest Statement at 6-11; America Movil/Verizon Opposition at 8-13.

⁶² WorldNet Petition at 5-6; 10-16; TLD Petition at 11-16; Board Reply at 6-7.

⁶³ See *Sprint/Nextel Merger Order*, 20 FCC Rcd at 13981, ¶ 31; *Cingular/AT&T Wireless Merger Order*, 19 FCC Rcd at 21556-57, ¶ 69.

⁶⁴ See, e.g., TLD Petition at 34; WorldNet Reply at 2-3; 10-11.

⁶⁵ See TLD Petition at 11-12 (stating that 79 percent of postal zip codes in Puerto Rico do not receive any service from a competitive LEC and that the remaining 21 percent receive service from no more than two competitive LECs).

⁶⁶ See, e.g., WorldNet Petition at 7, 14-19; Centennial Petition at 2, 8.

⁶⁷ *Verizon/MCI Order*, 20 FCC Rcd at 18529, ¶ 191.

⁶⁸ See *infra* ¶ 29.

⁶⁹ Centennial Petition at 4-12; Centennial Reply at 7-8; Centennial Aug. 24 *Ex Parte* Letter at 2-3.

pressure, with its landline residential operations.⁷⁰ Commenters present no evidence that America Movil will have an increased incentive or ability to engage in cross-subsidization as a result of the transaction. Additionally, we reject Centennial's argument that America Móvil's corporate culture will cause it to ignore these and other regulatory obligations that apply to wireline providers." America Movil is obligated to comply with existing legal and regulatory requirements in the United States and has committed to do *so* and any allegation that it will not do so is purely speculative. Furthermore, we agree with America Movil that its compliance with regulatory requirements applicable to its existing U.S.-based investments demonstrates its commitments to abide by its obligations.⁷²

27. We reject commenters' assertions that we should reject or condition⁷¹ this transaction based on allegations that TELPRI is not currently fulfilling its obligations under the Telecommunications Act of 1996.⁷⁴ To the extent that commenters ask us to impose conditions on retail prices in Puerto Rico, we decline, as the Commission did in the *GTE/PRTC Order*,⁷⁵ to impose any additional conditions, other than those already established in the *Puerto Rico Order*, to prevent America Movil from engaging in price squeeze behavior or cross-subsidization." We agree with America Movil that commenters proposing rate cap conditions on retail services have failed to demonstrate that the transaction will lead to higher rates or to explain why the existing complaint processes at the Puerto Rico Board would fail to address any speculative future issues.⁷⁷

28. We also conclude that it is not necessary or appropriate for the Commission to impose

⁷⁰ Centennial Petition at 12; Centennial Reply at 2.

⁷¹ Centennial Petition at 5-7, 12-13.

⁷² America Móvil/Verizon Opposition at 15, 23.

⁷³ Proposed conditions include: (1) capping residential rates for two years after the completion of the merger; (2) imposing quality of service metrics or performance standards for various retail and wholesale services, including monitoring by an outside entity; and (3) imposing requirements on network access, such as availability and prices of unbundled network elements (UNEs) and special access services. See Board Petition, Appendix B; WorldNet Petition at 31-32, Attach. 1.

⁷⁴ See WorldNet Petition at 7, 14-19; Centennial at 2, 8. See also Centennial Aug. 24 *Ex Parte* Letter at i-2 (stating that TELPRI caused a recent service outage by not programming its switches for automatic re-routing). TELPRI has fixed the re-routing problem and Centennial's complaint is now pending before the Board. See Verizon Sept. 1 *Ex Parte* Letter at 1-2. Similarly, we reject WorldNet's arguments that the Commission should require PRTC to allow competitive LECs to interconnect at PRTC tandems, regardless of the traffic exchanged. See WorldNet Petition at 33. We note that the Board has a pending proceeding to address this issue. See America Móvil/Verizon Opposition at n.42 (citing to a Board proceeding, *Regulation of Transit Traffic Service in Puerto Rico*, No. JRT-2003-SC-2002). As the Commission has found before, commenters have other, more appropriate, avenues for obtaining relief regarding these non-transaction specific issues. See, e.g., *Applications for Consent to the Assignment and/or Transfer of Control of Licenses of Adelphia Communications Corporation to Time Warner Cable Inc. and Comcast*, MB Docket No. 05-192, Memorandum Opinion and Order, FCC 06-105, ¶ 240 (2006).

⁷⁵ *Applications of Puerto Rico Telephone Authority, Transferor, and GTE Holdings (Puerto Rico) LLC, Transferee*, Memorandum Opinion and Order, 14 FCC Rcd 3122, 3137, ¶ 33 (citing *Inquiry into Policies to be Followed in the Authorization of Common Carrier Facilities to Provide Telecommunications Service off the Island of Puerto Rico*, CC Docket No. 96-309, Report and Order, 2 FCC Rcd 6600 (1987) (*Puerto Rico Order*), on recon., 8 FCC Rcd 63 (1992) (*GTE/PRTC Order*)).

⁷⁶ Centennial Petition at 12-14.

⁷⁷ America Móvil/Verizon Opposition at 25.

performance measures on various wholesale and retail services, as some commenters suggest.” First; the Board asserts that it remains concerned about improving service quality and that it expects to issue a rulemaking to consider proposed regulations addressing performance metrics for retail local exchange and wholesale interexchange services that will be applicable to all telecommunications providers in Puerto Rico.⁷⁹ Commenters also argue that the Commission imposed similar conditions on a previous merger involving Verizon. However, as discussed in the *Verizon/MCI Order*, Verizon and MCI offered voluntary commitments that the Commission accepted because it found those commitments to be in the public interest.” Because we find that the proposed transaction is not likely to result in public interest harm, we decline to adopt these or other performance measures in advance of the Board’s rulemaking for the reasons discussed above.

29. Furthermore, we conclude that it is not necessary or appropriate to impose on TELPRI and America Movil the network access and other related conditions that commenters suggest.” First, many of the proposed conditions would simply require America Movil to comply with TELPRI’s existing legal obligations.⁸² PRTC is subject to sections 251 and 252 of the Act, and to the Commission’s implementing rules, like all other incumbent local exchange carriers in the United States.⁸³ America Móvil will be subject to those existing legal obligations as well as other generally applicable regulatory requirements imposed on incumbent LECs.⁸⁴ Moreover, to the extent that certain conditions are being negotiated in ongoing contract disputes or are related to disputes already being addressed by the Board,

⁷⁸ See, e.g., WorldNet Petition at 31-32, Attach. 1; Board Petition at 12-13, Appendix B; Sprint Comments at 4-6; Letter from Veronica Ahern, Nixon Peabody LLP, to Marlene H. Dortch, Secretary, Federal Communications Commission, dated December 20, 2006 (Board December 20 *Ex Parte* Letter at 4.) In addition, several commenters request a condition capping or reducing wholesale special access rates as a condition of the merger. TLD Petition at 57; WorldNet Petition at 34. As with retail rates, these commenters have failed to demonstrate that special access rates will rise as a result of the merger or that they cannot rely on appropriate proceedings at the Commission to address possible changes to special access rates.

⁷⁹ Board Petition at 12-13; Board Reply at 8-9.

⁸⁰ *Verizon/MCI Order*, 20 FCC Rcd at 18434-36, ¶¶ 1, 3.

⁸¹ Similarly, we reject assertions by commenters that the low and falling penetration rates of local exchange service by TELPRI in Puerto Rico indicate that this merger is not in the public interest because the allegations are not merger-specific. See, e.g., WorldNet Petition at 25 (stating that Puerto Rico has the ninth highest actual cost per loop, and penetration rates in Puerto Rico have regressed to approximately 60.9 percent as of December 2005); CWA Reply at 4-5 (noting that penetration rates have fallen since privatization, when the penetration rate was 74.4 percent).

⁸² See, e.g., TLD Petition at 53-58; WorldNet Petition at 31-33, 36 (America Movil should be required to provide UNEs and resale services), Centennial Petition at 8-11 (requesting monitoring for compliance with the 1996 Act); TLD Petition at 52-58 (America Móvil should provide access to UNEs, interconnection on non-discriminatory terms).

⁸³ America Móvil/Verizon Opposition at 20. See also 47 C.F.R. Part 51; 47 U.S.C. §§ 251, 252; *Local Competition First Report and Order. Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket Nos. 96-98, 95-185, First Report and Order, 11 FCC Rcd 15499 (1996) (*Local Competition First Report and Order*) (subsequent history omitted).

⁸⁴ Similarly, we decline to require other conditions or performance standards related to number portability, access line provisioning, or primary interexchange carrier changes. See Sprint Comments at 5-6. As discussed, América Movil will be subject to all of the section 251 requirements imposed on incumbent LECs.

we decline, as we did in the *Verizon/MCI Order*, to address them in this proceeding.⁸⁵

3. Mobile Telephony Market

30. We find, on the record before us, that the proposed transaction will not have an adverse effect on competition in the mobile telephony market. At this time, America Móvil provides only limited mobile telephony telecommunications service in Puerto Rico and that service is provided through its affiliate, TracFone, on a resale basis to approximately 3,300 subscribers in Puerto Rico. America Movil does not provide its own facilities-based mobile telephony service or hold wireless licenses.⁸⁶ The Commission has routinely excluded Mobile Virtual Network Operators (“MVNOs”) and resellers from consideration when computing initial measures of market concentration.⁸⁷ Moreover, TracFone provides resold mobile telephony service to a small number of subscribers in Puerto Rico. The mobile telephony market in Puerto Rico contains multiple facilities-based providers (e.g., Sprint Nextel, Cingular, Centennial, SunCom, and MoviStar) as well as a host of MVNOs (e.g., Earthlink Wireless, Liberty Wireless, Movida, and Virgin Mobile).⁸⁸ América Movil is not a facilities-based competitor in Puerto Rico, and therefore the acquisition of TELPRI by America Móvil is not likely to have an adverse effect on the number of facilities-based mobile telephony providers in Puerto Rico.

31. TLD alleges that Commission consent to the proposed transaction would leave AT&T with an incentive to engage in anticompetitive strategies to maximize the return on its investments in the two largest Puerto Rico mobile telephony operations.” TLD bases this claim on AT&T’s control of Cingular, which has a reported market share in Puerto Rico of approximately 32 percent,⁹⁰ and AT&T’s interest in America Movil, which will (if the subject transaction is completed) control PRTC’s approximate 28 percent share of the mobile telephony market.” TLD acknowledges that AT&T’s equity interest in America Movil is approximately 7.9 percent, but alleges that this equity interest provides AT&T with “a very sizable financial stake.”⁹² Specifically, TLD has calculated that AT&T’s interests in America Movil and its affiliate Telmex amount to approximately \$6.4 billion.” According to TLD, AT&T’s investment “can be expected to influence boardroom and competitive behavior by AT&T.”⁹⁴ TLD also claims that, notwithstanding the level of AT&T’s equity investment, AT&T has a significant voice in America Movil’s decision-making, through its ownership of approximately 25 percent of America Movil’s voting shares, its ability to appoint two directors to the board of America Movil, and its

⁸⁵ See *Verizon/MCI Order*, 20 FCC Rcd at 18529, ¶ 191, n.517 (noting that a number of issues raised by WorldNet are subject to pending proceedings).

⁸⁶ America Móvil/Verizon Public Interest Statement at 7-8; America Móvil/Verizon Opposition at 9.

⁸⁷ See, e.g., *DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13595, ¶ 22; *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11544, ¶ 36; *Sprint-Nextel Order*, 20 FCC Rcd at 13991, ¶ 58; *ALLTEL/Western Wireless Order*, 20 FCC Rcd at 13070-71, ¶¶ 38-39; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21563, ¶ 92.

⁸⁸ America Móvil/Verizon Public Interest Statement at 8; America Móvil/Verizon Opposition at 9; TLD Reply at 16 (acknowledging that the wireless market in Puerto Rico is currently competitive).

⁸⁹ TLD Petition at 28 (footnote omitted; emphasis in original).

⁹⁰ *Id.* at 26. TLD notes that, “in the event the Commission approves AT&T’s pending acquisition of BellSouth Telecommunications, Inc. (BellSouth), AT&T will have 100 percent ownership of Cingular.” *Id.*

⁹¹ *Id.* at 26-28

⁹² *Id.* at 27.

⁹³ *Id.*

⁹⁴ *Id.*

ability to appoint one member of America Movil's executive committee.⁹⁵

32. TLD has failed to demonstrate that America Movil's acquisition of control of TELPRI presents any competitive concerns under our rules and policies. Initially, AT&T's 7.9 percent equity interest in América Movil does not trigger further competitive analysis. Specifically, we have conducted further competitive review in the event that Applicants to a proposed transaction "would have a 10 percent or greater interest in 70 MHz or more of cellular, PCS, and SMR spectrum."⁹⁶ That is not the case here. TLD's assertions that AT&T's financial stake in America Movil and Telmex combined with its ownership and control of Cingular provide AT&T with the incentive and ability to engage in anticompetitive activities are speculative and lacking factual, economic, or legal support.

33. TLD is alleging that AT&T's minority interest in America Movil would result, post-transaction, in America Movil (PRTC) and AT&T (Cingular) engaging in anticompetitive strategies. These allegations appear to be non-specific with regard to the type of anticompetitive strategy in which they would engage. In fact, as noted previously, there are a sufficient number of facilities-based carriers as well as several resellers/MVNOs that would be able to respond to any attempts by PRTC and Cingular to engage in anticompetitive strategies in Puerto Rico. Accordingly, TLC's allegations warrant no further consideration. We conclude that the proposed transfer of control does not raise any competitive issues in the Puerto Rico mobile telephony market.

D. Potential Public Interest Benefits

34. In addition to assessing the potential competitive harms of the proposed transaction, we also consider whether the combination of these companies' operations is likely to generate verifiable, transaction-specific public interest benefits. In doing so, we ask whether the combined entity will be able, and is likely, to pursue business strategies resulting in demonstrable and verifiable benefits that could not be pursued but for the combination.⁹⁷ As discussed below, we find that the proposed transaction is likely to generate transaction-specific public interest benefits, although it is difficult to quantify precisely the magnitude of these benefits.

35. The Commission applies a "sliding scale approach" to evaluating benefit claims. Under this sliding scale approach, where potential harms appear "both substantial and likely, the Applicants' demonstration of claimed benefits also must reveal a higher degree of magnitude and likelihood than we would otherwise demand."⁹⁸ On the other hand, where potential harms appear to be less likely or less substantial, as in this case, we will accept a lesser showing to approve the transaction.⁹⁹ As the Commission has found before, because we do not find substantial public interest harms, we find the benefits that are likely to result from the merger are sufficient for us to find that the merger serves the

⁹⁵ *Id.* at 29-32.

⁹⁶ *See, e.g., DoCoMo-Guam Cellular Order*, 21 FCC Rcd at 13596, ¶ 23, *ALLTEL-Midwest Wireless Order*, 21 FCC Rcd at 11547, ¶ 39; *Sprint-Nextel Order*, 20 FCC Rcd at 13993-94, ¶¶ 63, 65; *ALLTEL/Western Wireless Order*, 20 FCC Rcd at 13074, ¶ 49; *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21568-69, ¶¶ 106, 109.

⁹⁷ *Bell Atlantic/GTE Order*, 15 FCC Rcd at 14130, 1209; *SBC/Ameritech Order*, 14 FCC at 14825, ¶ 255; *WorldCom/MCI Order*, 13 FCC Rcd at 18134-35, ¶ 194.

⁹⁸ *EchoStar/DirectTV Order*, 17 FCC Rcd at 20631, ¶ 192 (quoting *SBC/Ameritech Order*, 14 FCC Rcd at 14825, ¶ 256); *cf. DOJ/FTC Guidelines* § 4 ("The greater the potential adverse competitive effect of a merger. . . the greater must be cognizable efficiencies in order for the Agency to conclude that the merger will not have an anticompetitive effect in the relevant market. When the potential adverse competitive effect of a merger is likely to be particularly large, extraordinarily great cognizable efficiencies would be necessary to prevent the merger from being anticompetitive.").

⁹⁹ *Verizon/MCI Order*, 20 FCC Rcd at 18531, ¶ 196; *SBC/AT&T Order*, 20 FCC Rcd at 18385, ¶ 185.

public interest.¹⁰⁰

36. We find that the acquisition of PRTC by America Movil is likely to give rise to some efficiencies and other public interest benefits. As Applicants note, América Móvil has extensive experience in designing products specifically for rural and low income populations.¹⁰¹ Additionally, America Móvil, through its operations in Latin America, has extensive experience in areas with difficult to serve terrain and dramatic urban/rural differences, similar to conditions found in Puerto Rico.¹⁰² In the 1999 *GTE/PRTC Order*, the Commission accepted GTE's commitment to invest \$1 billion over five years to improve service in Puerto Rico.¹⁰³ We expect that América Movil has at least the same level of commitment to service in Puerto Rico. We therefore condition our approval of this transaction on América Movil investing \$1 billion over five years to improve service in Puerto Rico.¹⁰⁴ America Movil must also provide a written report to the Commission on an annual basis describing the progress it has made in deploying infrastructure used to provide basic telephone and broadband services in Puerto Rico. This report, which shall include quantifiable and verifiable data, shall be due to the Commission on December 31 of each calendar year. In addition, America Móvil must comply with all applicable U.S. laws, regulations, rules and orders, including the obligation to report broadband availability and telephone penetration data.'''

37. We reject commenters' assertions that, because América Movil's scope and scale are not as great as Verizon's, we must find that the transfer of PRTC to America Movil would not be in the public interest.¹⁰⁶ As the Applicants state, Verizon has made the corporate decision to divest itself of its Caribbean and Latin American telecommunications operations.''' The Applicants have demonstrated that combining America Movil's operations with PRTC's would result in efficiencies and other public interest benefits that are greater than TELPRI would enjoy on its own.¹⁰⁸

¹⁰⁰ *Application of PacificCorp Holdings, Inc. and Century Telephone Enterprises, Inc. for Consent to Transfer Control of Pacific Telecom, Inc., a Subsidiary of PacificCorp Holdings, Inc.*, Report No. LB-97-49, Memorandum Opinion and Order, 13 FCC Rcd 8891, 8893-84, ¶ 3 (Wireless Telecom. Bur. 1997) (finding that the public interest standard was met even though the Applicants had not established the existence of substantial pro-competitive efficiency benefits to consumers).

¹⁰¹ America Móvil/Verizon Public Interest Statement at 5-6.

¹⁰² América Móvil/Verizon Public Interest Statement at 5-6.

¹⁰³ *GTE/PRTC Order*, 14 FCC Rcd at 3545-49, ¶¶ 50-59.

¹⁰⁴ Letter from Michael G. Jones, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated March 23, 2007 (March 23 *Ex Parte* Letter). The March 23 *Ex Parte* Letter is attached to this Memorandum Opinion and Order and Declaratory Ruling as Appendix D.

¹⁰⁵ See *Local Competition and Broadband Reporting*, CC Docket No. 99-301, Report and Order, 15 FCC Rcd 7717 (2000); *Local Telephone Competition and Broadband Reporting*, WC Docket No. 04-141, Report and Order, 19 FCC Rcd 22340 (2004) (describing the Commission's formal data collection program (FCC Form 477) to gather standardized information about subscribership to high-speed services, including advanced services, from wireline telephone companies, cable system operators, terrestrial wireless service providers, satellite service providers, and any other facilities-based providers of advanced telecommunications capability).

¹⁰⁶ See, e.g., TLD Petition at 16-17; TLD Reply at 6; Board Petition at 9; Board December 20 *Ex Parte* Letter at 6.

¹⁰⁷ America Móvil/Verizon Opposition at 7.

¹⁰⁸ 47 U.S.C. § 310(d) ("Any such application shall be disposed of as if the proposed transferee or assignee were making application under section 308 for the permit or license in question; but in acting thereon the Commission (continued....)

38. The Applicants assert that the proposed transaction will expedite the deployment of state-of-the-art mobile telephony service.¹⁰⁹ In particular, the Applicants state that America Movil is committed “to implementing third-generation (3G) [wireless] networks” as an overlay to pre-existing TDMA and CDMA technologies.¹¹⁰ According to the Applicants, America Movil’s overlay strategy “allows existing users who may not have the resources or desire to switch to new technology to continue using their existing services, while expanding the range of offerings available to other consumers and providing a cohesive evolutionary path to 3G networks.””

39. The Applicants further note that America Movil brings significant advantages of scale and scope to bear in providing mobile telephony to customers.¹¹² In this regard, the Applicants point to the fact that America Móvil acquires more than 50 million mobile phone handsets each year, and that this volume of purchases enables America Movil to achieve favorable prices for such handsets.¹¹³ In addition, the Applicants state that America Movil is, due to its size, able “to enjoy reduced wireless infrastructure prices.”¹¹⁴ We conclude that the Applicants have provided adequate documentation to support the conclusion that grant of the proposed transfer of control will have tangible public interest benefits.

E. Foreign Ownership of Domestic Incumbent LEC

40. We reject commenters’ assertions that América Movil may be more likely to act anticompetitively in the future simply because it is a foreign-owned company. The Commission has consistently rejected arguments such as these based wholly upon speculation that a party will not comply

(Continued from previous page) _____
may not consider whether the public interest, convenience, and necessity might be served by the transfer, assignment, or disposal of the permit or license to a person other than the proposed transferee or assignee.”)

¹⁰⁹ America Móvil/Verizon Opposition at 6.

¹¹⁰ *Id.* at 4. The Applicants acknowledge that TELPR1 is already providing 3G service using CDMA1xEVDO technology. Letter from Philip L. Verveer, Michael G. Jones, and Daniel K. Alvarez, Counsel for America Movil, S.A. de C.V., to Marlene Dortch, Secretary, Federal Communications Commission, Attachment, at 2 (filed November 28, 2006) (“Response to WTB Information Request”). América Movil has no current plans to discontinue this service but does plan to overlay a GSMEDGE/LTMS/HSPA network over the existing network. *Id.* at 2-3. In addition, in order to improve on the existing network, America Movil is planning to “increase the number of micro-cells to provide better in-building coverage in major buildings, commercial malls, convention centers, airports and high traffic areas. America Movil will also add cell sites in some areas not currently covered by wireless services.” *Id.* at 3. America Movil has stated that it plans to invest “approximately \$280 million U.S. dollars in the next 3 years to upgrade and maintain the TELPR1 wireless infrastructure in Puerto Rico.” *Id.* at 4. Additionally, the Applicants state that America Movil plans to implement a project in Puerto Rico to bring the fiber optic network closer to the home and office buildings to support plans for Triple and Quadruple play offers, as well as many other IP-based services. *Id.* While the Board disputes the extent of America Movil’s commitment to deploy IP infrastructure, we find that América Movil’s statement that it will improve the transport structure for all types of services, including IP services, is a cognizable public interest benefit. See Response to WTB Information Request at 4-5; Letter from Veronica Ahern, Nixon Peabody LLP, to Marlene Donch, Secretary, Federal Communications Commission, dated December 20, 2006 (Board December 20 *Ex Parte* Letter) at 4.

¹¹¹ America Móvil/Verizon Public Interest Statement at 4.

¹¹² America Móvil/Verizon Public Interest Statement at 5.

¹¹³ *Id.*

¹¹⁴ Response to WTB Information Request at 8.

with its obligations in the future.” Similarly, we reject **as** purely speculative that PRTC could be the target for unrelated suits against America Movil because all or a substantial portion of América Movil’s assets are not located in the United States.¹¹⁶ We also note that, in 1997, the United States undertook obligations to allow investment in U.S. common carriers by companies from other countries that are Member of the World Trade Organization (WTO).¹¹⁷ We find no basis in the record to conclude that America Movil’s ownership of PRTC is likely to result in anticompetitive conduct in the Puerto Rico market. Should we later find any such conduct, we have ample regulatory tools available to use to deal with it.¹¹⁸

41. Although we have decided to condition the grant of the Transfer of Control Application for other reasons, we reject commenters’ assertions that conditions are necessary because America Movil’s foreign ownership will make it less likely to comply with PRTC’s existing regulatory obligations going forward.” **As** we explained above, commenters have not shown any special likelihood that America Movil will fail to comply with these obligations. As the Commission found in the *GTE/PRTC Order*, to the extent any disputes may arise in the future concerning America Movil’s compliance with these provisions in Puerto Rico, the aggrieved parties will have recourse to a full panoply of legal remedies, including remedies before this Commission (potentially including accelerated enforcement proceedings),¹²⁰ the Board, and the courts.¹²¹

42. Finally, we also note that the Department of Defense, the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland security have approved the transaction subject to certain conditions as discussed below.

¹¹⁵ See, e.g., *Cingular/AT&T Wireless Order*, 19 FCC Rcd at 21591 ¶ 181 (dismissing **as** “unsupported speculation” claims that merged entity will extract discriminatory rates); *Telephone and Data Systems Inc. v. FCC*, 19 F.3d 42, 47-48 (D.C. Cir. 1994) (finding that Appellants’ claim that Comcast, after receiving a license transfer, would engage in anticompetitive action **to** drive down certain revenues of another carrier is nothing more than “unadorned speculation.”); *ALLTEL Corporation Petition for Waiver of Section 61.41 of the Commission’s Rules and Applications for Transfer of Control*, CCB/CPD 99-1, Memorandum Opinion and Order, 14 FCC Rcd 14191, 14202, 129 (1999) (rejecting argument that the Commission should deny the requested waiver of its rules because the merged entity may decide **to** elect price cap regulation in the **future**).

¹¹⁶ Board Petition at 11 (stating that América Movil’s addition of a substantial asset in a U.S. jurisdiction creates a magnet for litigation and puts PRTC in jeopardy). Applicants note that Tracfone is already regulated by the Commission with respect to its operations in the U.S. and is in good standing. See America Móvil/Verizon Opposition to Petitions at 15, n.25 (citing International Authorization Granted, *Public Notice*, File No. ITC-214-20030401-00162, 18 FCC Rcd 9121 (2003)). Additionally, Applicants note that America Movil’s affiliate, Telmex, is the owner of carriers regulated by the Commission. *Id.* (citing International Authorizations Granted, *Public Notice*, File No. ITC-214-20030312-00131, 19 FCC Rcd 2136 (2004); International Authorizations Granted, *Public Notice*, File No. ITC-ASG-20031126-00544, 10 FCC Rcd 2136 (2004)).

¹¹⁷ See *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, IB Docket Nos. 97-142 and 95-22, 12 FCC Rcd 23891 (1997) (*Foreign Participation Order*), *Order on Reconsideration*, 15 FCC Rcd 18158 (2000). Paragraphs 25-8 of the *Foreign Participation Order* discuss the U.S. commitments under the GATS. 12 FCC Rcd at 23902-4, ¶¶ 25-8.

¹¹⁸ See *Foreign Participation Order*, 12 FCC Rcd at 24023, ¶ 295.

¹¹⁹ See, e.g., Centennial Petition at 6, 10 (asserting that América Móvil, a foreign corporate entity, has not been conditioned by a decade of operating under the 1996 Act).

¹²⁰ See 47 C.F.R. § 1.730.

¹²¹ *GTE/PRTC Order*, 14 FCC Rcd at 3134, 128.

F. International Dominant Carrier Regulation

43. In the *Foreign Participation Order*, the Commission established rules to identify instances of potential competitive harm by U.S. market entry of a foreign carrier and to guard against them. Under these rules, we classify a U.S.-international carrier as dominant on a particular route if it is affiliated with a foreign carrier that controls essential facilities on that route.¹²² A carrier classified as dominant is subject to dominant carrier safeguards.¹²³ These safeguards include various accounting, structural separation, settlement rate, and reporting requirements that are designed to address the possibility that a foreign carrier with control over facilities or services that are essential inputs for the provision of U.S. international services could discriminate against rivals of its affiliate (*i.e.*, vertical harms). In the *Foreign Participation Order*, the Commission concluded that these safeguards, along with our settlement rate benchmark condition (now codified as a dominant carrier safeguard¹²⁴) and our no special concessions rule, are sufficient to protect against vertical harms by carriers from WTO Member countries in virtually all circumstances.¹²⁵ In the exceptional case, where we conclude that an application poses a very high risk to competition in the U.S. market, where our standard safeguards and additional conditions would be ineffective, we reserve the right to deny the application.¹²⁶

44. We apply the requirements of the *Foreign Participation Order* to America Movil's acquisition of TELPRI and its U.S. international carrier-subsiary, PRT LD, as follows. In its International Authorizations Application, America Movil notes that it is affiliated with foreign carriers in several Latin American countries, including Mexico (Telmex), Brazil (Embratel), Guatemala (Telgua), Nicaragua (Enitel), and El Salvador (CTE).¹²⁷ America Móvil states that it will comply with the Commission's dominant carrier rules with respect to the U.S.-Mexico, U.S.-Brazil,¹²⁸ U.S.-Guatemala, U.S.-Nicaragua, and U.S.-El Salvador routes.¹²⁹ In addition, America Móvil informed the Commission that, on December 1, 2006, America Movil acquired Verizon's ownership interests in Verizon Dominicana, in the Dominican Republic.¹³⁰ America Móvil notes that PRT LD already is classified as a dominant U.S.-international carrier on the U.S.-Dominican Republic route as a result of the common ownership interests that Verizon held, until recently, in PRT LD and Verizon Dominicana. America

¹²² See *Foreign Participation Order*, 12 FCC Rcd at 23995-96, ¶¶ 231-33

“See 47 C.F.R. § 63.10(c), (e)

¹²⁴ 47 C.F.R. § 63.10(e)

¹²⁵ See *Foreign Participation Order*, 12 FCC Rcd at 23913-4, ¶¶ 51-52. See also 47 C.F.R. §§ 63.10(c), (e) and 63.14 (prohibition on agreeing to accept special concessions).

¹²⁶ *Foreign Participation Order*, 12 FCC Rcd at 23913-4, ¶¶ 51-53.

¹²⁷ See International Authorizations Application at 11. See also 47 C.F.R. § 63.09(d), (e) (defining the terms “foreign carrier” and “affiliated”).

¹²⁸ América Movil included the U.S.-Brazil route in its answer to Question 17 in its electronic International Authorizations Application, but apparently inadvertently omitted it from its narrative answer to Question 17 in its written International Authorizations Application. America Movil subsequently corrected the omission in its June 8, 2006, supplement to its application, where it formally stated that it would accept dominant carrier regulation on the U.S.-Brazil route. See Letter from Michael Jones and Daniel K. Alvarez, Willkie Farr & Gallagher, LLP, to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 8, 2006, at 1-2.

¹²⁹ International Authorizations Application at 11. America Movil states that its acceptance of dominant carrier regulation is without prejudice to its right to seek reclassification on these routes in the future and is without prejudice to its position that Telmex is not properly considered dominant under Mexican law.

¹³⁰ See January 8 Letter.

Movil acknowledges that PRT LD will retain its affiliation with Verizon Dominicana upon closing of the instant transaction and states that PRT LD will continue to comply with the Commission's dominant carrier rules on the U.S.-Dominican Republic route.¹³¹ Because America Movil has agreed to accept dominant carrier classification of PRT LD in its provision of US-international service on these routes, and in the absence of evidence to demonstrate that it warrants non-dominant treatment, we shall classify PRT LD as a dominant U.S.-international carrier on the five cited routes in its Application, and continue its classification as dominant on the U.S.-Dominican Republic route cited in its January 8 Letter, effective upon consummation of the proposed transaction. We note that PRT LD is also currently classified as dominant in its provision of U.S.-international service on the U.S.-Venezuela and U.S.-Gibraltar routes. PRT LD is affiliated with foreign carriers that possess market power on these routes through Verizon's common control of PRT LD and these foreign carriers. Once Verizon sells its ownership interests in TELPRI, PRT LD will no longer be affiliated with foreign carriers that possess market power on these routes. We therefore reclassify PRT LD as a non-dominant U.S.-international carrier on the U.S.-Venezuela and U.S.-Gibraltar routes, effective upon closing. We find PRT LD will continue to warrant non-dominant classification on all other U.S.-international routes.

45. Accordingly, PRT LD will be classified as a dominant U.S.-international carrier on the U.S.-Mexico, U.S.-Brazil, U.S.-Guatemala, U.S.-Nicaragua, U.S.-El Salvador, and U.S.-Dominican Republic routes, effective upon consummation of the proposed transaction. On each of these routes, PRT LD will be required, for the provision of U.S.-international services, to maintain separate books of account from its affiliate; not jointly own transmission or switching facilities with its affiliate; file quarterly reports of traffic and revenue under section 43.61(c) of our rules; file quarterly reports summarizing the provision and maintenance of all basic network facilities and services acquired from its affiliate; and file quarterly circuit status reports.¹³² These requirements are designed to make a carrier's interactions with its affiliated foreign carriers transparent and thereby guard against discriminatory conduct.¹³³ Additionally, PRT LD's provision of switched facilities-based service on the five cited routes is subject to the condition that the settlement rates its affiliates charge U.S.-international carriers to terminate traffic are at or below the Commission's relevant benchmark rate.¹³⁴ We believe that imposition of dominant carrier safeguards, along with our no special concessions rule, are sufficient to prevent vertical harms once control of PRT LD has been acquired by America Móvil. In addition, some of the dominant carrier safeguards—such as the requirement to maintain separate books of account and the prohibition on joint ownership of facilities—provide additional confidence that America Móvil's foreign carrier affiliates in the cited markets will not have the ability to engage in cost misallocation with respect to U.S.-international services provided by PRT LD. We therefore find that the acquisition of TELPRI by America Movil will not create risks to competition that would require the imposition of additional competitive safeguards.¹³⁵

G. Section 310 Foreign Ownership Issues

46. America Movil, the transferee, requests a declaratory ruling that the public interest would be served by permitting up to 100percent indirect foreign ownership of post-transaction PRTC, a Title

¹³¹ See January 8 Letter at n.1. See also International Authorizations Application at 10 n.10.

¹³² See 47 C.F.R. § 63.10(c).

¹³³ See *Foreign Participation Order*, 12 FCC Rcd at 23991-24022, ¶¶ 221-92.

¹³⁴ See 47 C.F.R. § 63.10(e).

¹³⁵ See *Foreign Participation Order*, 12 FCC Rcd. at 23913, ¶ 51.

III common carrier radio licensee, pursuant to section 310(b)(4) of the Act.¹³⁶ America Movil also requests that the ruling allow the individuals and entities that already exercise control of America Móvil to engage in transactions that may increase their ownership interests in it above current levels. We examine the foreign ownership interests that will be held indirectly in PRTC through its controlling U.S. parent company, TELPRI, pursuant to our public interest analysis under sections 310(b)(4) and 310(d) of the Act and the Commission's foreign ownership policies adopted in the *Foreign Participation Order*.¹³⁷ As part of that analysis, we consider below any national security, law enforcement, foreign policy, or trade policy concerns raised by the foreign investment.¹³⁸ Relying on Commission precedent, we find that the proposed transfer of control does not raise any issues under sections 310(a) and 310(b)(1)-(b)(3) of the Act.¹³⁹ Our analysis focuses on issues raised under section 310(b)(4). Based on the record before us, we conclude, for the reasons stated below, and subject to certain conditions specified below, that it would not serve the public interest to deny consent to the proposed transaction because of the indirect foreign equity and voting interests that will be held in PRTC through its U.S. parent, TELPRI.

I. Legal Standard for Foreign Ownership of Radio Licensees

47. Section 310(b)(4) of the Act establishes a 25 percent benchmark for investment by foreign individuals, corporations, and governments in entities that control U.S. common carrier radio licensees. This section also grants the Commission discretion to allow higher levels of foreign ownership if it determines that such ownership is not inconsistent with the public interest.¹⁴⁰

48. The calculation of foreign ownership interests under section 310(b)(4) is a two-pronged analysis in which the Commission examines separately the equity interests and the voting interests in the licensee's direct or indirect parent.¹⁴¹ The Commission calculates the equity interest of each foreign investor in the parent and then aggregates these interests to determine whether the sum of the foreign equity interests exceeds the statutory benchmark. Similarly, the Commission calculates the voting

¹³⁶ Transaction Overview at 6.

¹³⁷ 47 U.S.C. § 310(b)(4), (d).

¹³⁸ The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing foreign investment pursuant to sections 310(b)(4) and 310(d). *Foreign Participation Order*, 12 FCC Rcd at 23918-21, ¶¶ 59-66. *See also infra* Section III.H. (National Security, Law Enforcement, Foreign Policy, and Trade Concerns).

¹³⁹ Section 310(a) of the Act prohibits any radio license from being "granted to or held by" a foreign government or its representative. *See* 47 U.S.C. § 310(a). In this case, no foreign government or its representative holds any of the radio licenses. Section 310(b)(1)-(2) of the Act prohibits common carrier, broadcast and aeronautical fixed or aeronautical en route radio licenses from being "granted to or held by" aliens, or their representatives, or foreign corporations. *See* 47 U.S.C. § 310(b)(1)-(2). We find that no alien, representative, or foreign corporation holds any of the common carrier licenses in this case. Accordingly, we find that the proposed transaction is not inconsistent with the foreign ownership provisions of section 310(a) or 310(b) (1)-(2) of the Act. *See Deutsche Telekom/VoiceStream Order*, 16 FCC Rcd at 9804-09 ¶¶ 38-48. Additionally, because the foreign investment in PRTC is held through a controlling U.S. parent, TELPRI, the proposed transaction does not trigger section 310(b)(3) of the Act, which places a 20 percent limit on alien, foreign corporate or foreign government ownership of entities that themselves hold common carrier, broadcast and aeronautical fixed or en route Title III licenses. *Compare* 47 U.S.C. § 310(b)(3) with § 310(b)(4). *See* Request for Declaratory Ruling, *Wilner & Scheiner I*, 103 F.C.C. 2d at 522, ¶ 19.

¹⁴⁰ 47 U.S.C. § 310(b)(4).

¹⁴¹ *See BBC License Subsidiary L.P.*, Memorandum Opinion and Order, 10 FCC Rcd 10968, 10973 ¶ 22 (1995) (*BBC License Subsidiary*).

interest of each foreign investor in the parent and aggregates these voting interests.¹⁴² The presence of aggregated alien equity or voting interests in a common carrier licensee's parent in excess of 25 percent triggers the applicability of section 310(b)(4)'s statutory benchmark.¹⁴³ Once the benchmark is triggered, section 310(b)(4) directs the Commission to determine whether the "public interest will be served by the refusal or revocation of such license."

49. In the *Foreign Participation Order*, the Commission concluded that the public interest would be served by permitting greater investment by individuals or entities from WTO Member countries in U.S. common carrier and aeronautical fixed and en route radio licensees.¹⁴⁴ Therefore, with respect to indirect foreign investment from WTO Members, the Commission replaced its "effective competitive opportunities," or "ECO," test with a rebuttable presumption that such investment generally raises no competitive concerns.¹⁴⁵ In evaluating an applicant's request for approval of foreign ownership interests under section 310(b)(4), the Commission uses a "principal place of business" test to determine the nationality or "home market" of foreign investors.¹⁴⁶

50. In light of Commission policies adopted in the *Foreign Participation Order*, we begin our evaluation of PRTC's indirect foreign ownership under section 310(b)(4) by calculating the foreign equity and voting interests that will be held in PRTC's U.S. parent, TELPRI, upon consummation of the proposed transaction. We then determine whether these foreign interests properly are ascribed to individuals or entities that are citizens of, or have their principal places of business in, WTO Member countries. The Commission stated, in the *Foreign Participation Order*, that it will deny an application if it finds that more than 25 percent of the ownership of an entity that controls a common carrier radio licensee is attributable to parties whose principal place(s) of business are in non-WTO Member countries that do not offer effective competitive opportunities to U.S. investors in the particular service sector in which the applicant seeks to compete in the U.S. market, unless other public interest considerations outweigh that finding.¹⁴⁷

¹⁴² See *id.* at 10972, 10973-74, ¶¶ 20, 22-25.

¹⁴³ See *id.* at 10973-74, ¶ 25.

¹⁴⁴ *Foreign Participation Order*, 12 FCC Rcd at 23896, 23913, 23940, ¶¶ 9, 50, 111-112.

¹⁴⁵ *Id.*

¹⁴⁶ To determine a foreign entity's home market for purposes of the public interest determination under section 310(b)(4), the Commission will identify and balance the following factors: (1) the country of a foreign entity's incorporation, organization or charter, (2) the nationality of all investment principals, officers, and directors, (3) the country in which the world headquarters is located, (4) the country in which the majority of the tangible property, including production, transmission, billing, information, and control facilities, is located, and (5) the country from which the foreign entity derives the greatest sales and revenues from its operations. *Foreign Participation Order*, 12 FCC Rcd at 23941, ¶ 116 (citing *Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order, 11 FCC Rcd 3873, 3951, ¶ 207 (1995)). For examples of cases applying the five-factor "principal place of business" test, see *Lockheed Martin Global Telecommunications, Comsat Corporation, and Comsat General Corporation, Assignor, and Telenor Satellite Mobile Services, Inc., and Telenor Satellite, Inc., Assignee. Applications for Assignment of Section 214 Authorizations, Private Land Mobile Radio Licenses, Experimental Licenses, and Earth Station Licenses and Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act*, Order and Authorization, 16 FCC Rcd 22897 (2001), *erratum*, 17 FCC Rcd 2147 (Int'l Bur. 2002), *recon. denied*, 17 FCC Rcd 14030 (2002) (*Telenor Order*); *Space Station System Licensee, Inc., Assignor, and Iridium Constellation LLC, Assignee, et al.*, Memorandum Opinion, Order and Authorization, 17 FCC Rcd 2271 (Int'l Bur. 2002).

¹⁴⁷ See *Foreign Participation Order*, 12 FCC Rcd at 23946, ¶ 131.

51. In calculating attributable alien equity interests in a parent company, the Commission uses a multiplier to dilute the percentage of each investor's equity interest in the parent company when those interests are held through intervening companies. The multiplier is applied to each link in the vertical ownership chain, regardless of whether any particular link in the chain represents a controlling interest in the company positioned in the next lower tier.¹⁴⁸ By contrast, in calculating alien voting interests in a parent company, the multiplier is not applied to any link in the vertical ownership chain that constitutes a controlling interest in the company positioned in the next lower tier.¹⁴⁹ When evaluating foreign voting interests in the U.S. parent company of a common carrier licensee, it is possible that multiple investors will be treated as holding the same voting interest in a U.S. parent company where the investment is held through multiple intervening holding companies. Our purpose in identifying the citizenship of the specific individuals or entities that hold these interests is not to increase the aggregate level of foreign investment, but rather to determine whether any particular interest that a foreign investor proposes to acquire raises potential risks to competition or other public interest concerns, such as national security or law enforcement concerns.¹⁵⁰

2. Attribution of Foreign Ownership Interests

52. As indicated in Section II.C above, upon consummation of the proposed transaction, Sercotel will own indirectly, through its direct and indirect subsidiaries Telcel and Tenedora, up to 100 percent of the issued and outstanding shares of common stock of TELPRI, constituting up to 100 percent of the equity and voting interests in TELPRI.” Because America Móvil requests that we approve Sercotel's acquisition of up to 100 percent of TELPRI, we assume, for purposes of our foreign ownership analysis, that Sercotel will in fact acquire indirectly 100 percent of the equity and voting interests in TELPRI. Sercotel is a holding company organized under the laws of Mexico and is wholly owned, directly and indirectly, by America Móvil.¹⁵² Sercotel will acquire TELPRI's shares through Sercotel's direct and indirect subsidiaries, Telcel and Tenedora, with Tenedora holding the direct equity and voting interests in TELPRI. The record supports a finding that Sercotel, Telcel and Tenedora have their principal places of business in Mexico, a WTO Member country.¹⁵³ As explained below, Mexico is also the principal place of business of Sercotel's parent company, America Móvil.¹⁵⁴

53. We next calculate the foreign equity and voting interests that will be held indirectly in TELPRI by Sercotel's parent company, America Movil. Because America Móvil holds 100 percent of the equity and voting interests in Sercotel, we find that America Movil, a Mexican corporation, will hold indirectly 100 percent of the equity and voting interests in TELPRI.¹⁵⁵ Based on the information in the

¹⁴⁸ See *BBC License Subsidiary*, 10 FCC Rcd at 10973-74, ¶¶ 24-25.

¹⁴⁹ See *id.* at 10973, ¶ 23; see also *Wilner & Scheiner I*, 103 F.C.C.2d at 522, ¶ 19.

¹⁵⁰ See *Foreign Participation Order*, 12 FCC Rcd at 23940-41, ¶¶ 11-15.

¹⁵¹ See *supra* ¶¶ 9-10.

¹⁵² América Móvil holds a less than 1 percent interest in Sercotel through AMX Tenedora, S.A. de C.V. Letter from Michael Jones, Willkie Farr & Gallagher, to Marlene Dortch, Secretary, Federal Communications Commission, dated December 14, 2006 at 2. See also *supra* ¶ 9, n.9.

¹⁵³ See November 1 Letter at 2 (noting that more of Sercotel's revenues derive from its business in Mexico than from its business in any other country). See also *supra* note 8 and accompanying text.

¹⁵⁴ See *infra* ¶ 53.

¹⁵⁵ Consistent with our foreign ownership case precedent discussed in Section III.G.2. above, América Movil's equity and voting interests in Sercotel flow through in their entirety to TELPRI because Sercotel will hold indirectly up to 100 percent of the equity and voting interests in TELPRI. See *supra* ¶ 10.

record, we find that these interests are properly ascribed to Mexico, where America Movil has its principal place of business. America Movil is a publicly traded corporation that **is** organized and headquartered in **Mexico**.¹⁵⁶ A majority of its directors and officers are Mexican nationals,¹⁵⁷ and its businesses in Mexico account for more revenue than its businesses from any other **country**.¹⁵⁸ The majority of the shares of America Movil are held by **Mr. Carlos Slim Helu** and certain members of his immediate family (collectively, the Slim family), all of whom are Mexican citizens.¹⁵⁹ Based on our review of America Movil's Letter submissions, we find that Mr. Slim exerts significant influence over the election of America Movil's Board of Directors, and the outcome of any actions requiring the vote of America Movil's shareholders.¹⁶⁰ Accordingly, we find that America Movil's proposed 100 percent indirect equity and voting interests in TELPRI are properly ascribed to Mexico, a WTO Member country.

54. We next consider the foreign equity and voting interests that will be held indirectly in TELPRI through America Móvil.¹⁶¹ We calculate that the Slim family, all of whom are Mexican citizens, owns **32.33** percent of America Movil's total capital stock and will therefore hold indirectly 32.33 percent of the equity interests in TELPRI.¹⁶² We calculate that **SBCI** and other Mexican investors hold 8.13 and 2.00 percent, respectively, of América Móvil's total capital stock and therefore will hold the same percentage equity interests in TELPRI.¹⁶³ We find that the aggregate 42.46 percent equity interest that will be held indirectly in TELPRI by the Slim family, SBCI and other known Mexican investors, **is** properly ascribed to the United States and Mexico, a WTO Member country. The remaining 57.54 percent of America Movil's capital stock **is** held by other public shareholders. The

¹⁵⁶ America Móvil's capital stock is traded primarily on the Mexican Stock Exchange and also on stock exchanges in the United States and Europe. See November 1 Letter at 2.

¹⁵⁷ Pursuant to America Movil's bylaws, a majority of the directors and a majority of the alternate directors must be Mexican citizens and elected by Mexican stockholders. See Transfer of Control Application at 9, n.9.

¹⁵⁸ See November 1 Letter at 2-4.

¹⁵⁹ See Transfer of Control Application at 9.

¹⁶⁰ See November 1 Letter at 5. See also February 26 Letter at 2. Prior to the merger, America Movil represented in its November 1 Letter that Mr. Slim "exerts significant influence over the election of America Movil's Board of Directors, and the outcome of any actions requiring the vote of America Movil shareholders." November 1 Letter at 5. Following the merger, America Movil represented in its February 26 Letter that the merger "does not involve a substantial change of control of America Movil, nor has the ownership structure changed in any significant way." February 26 Letter at 2. Thus, we find it reasonable to conclude that, following the merger, Mr. Slim retains the same level of influence over America Móvil as he had prior to the merger. *Id.* at 2.

¹⁶¹ Consistent with our foreign ownership case precedent discussed in Section JI.G.2. above, all foreign equity and voting interests in AmCrica Móvil flow through in their entirety to TELPRI because America Movil wholly owns Sercotel, which, in turn, will hold indirectly up to 100 percent of the equity and voting interests in TELPRI. See *supra* ¶ 10.

¹⁶² See February 26 Letter at 3. We calculate, based on post-merger capital structure information provided by America Movil, that the Slim family, through interests held in Class AA and Class L shares, holds approximately 32.33 percent of the total capital stock of America Movil. We derive this amount by dividing the aggregate number of Class AA and Class L shares held by the *Slim* family by the total number of issued and outstanding shares of América Movil stock.

¹⁶³ See February 26 Letter at 3. We calculate **SBCI's 8.13** percent equity interest percent in America Movil by dividing the total number of Class AA shares owned by **SBCI** by the total number of issued and outstanding shares of America Movil stock. The **2.00** percent equity interest of other Mexican investors was calculated in the same way.

citizenship or principal places of business of these public shareholders are not identified sufficiently for the record to allow us to find that their equity interests constitute investment from WTO Member countries.¹⁶⁴ We therefore treat this 51.54 percent indirect equity interest in TELPRI as non-WTO ownership for purposes of our foreign ownership analysis.¹⁶⁵

55. Having calculated the equity interests, we consider the voting interests that will be held indirectly in TELPRI through America Móvil. We analyze the foreign voting interests that will be held indirectly in TELPRI through America Movil on two levels because of restrictions on the voting rights of certain shareholders. The Transfer of Control Application explains that America Movil's shares consist of three classes of stock – Class AA, Class A, and Class L shares. Two of these classes, the AA shares and the A shares, are “full voting shares.”¹⁶⁶ Class AA and Class A shareholders have the right to elect a majority of America Movil's board of directors and vote on all matters that require a vote of its shareholders. Class L shareholders have limited voting rights. They have the right to elect two of the 11 members of América Movil's board of directors and the corresponding alternate directors.¹⁶⁷ The L shareholders otherwise have the right to vote only on matters related to major corporate decisions that fundamentally affect their interests as shareholders.¹⁶⁸ Because the Class L shareholders have minority representation on Amkrica Movil's board of directors and the right to block as a group certain fundamental corporate actions, we find that they have the right to participate in, and therefore may have some degree of influence over, the management of America Movil. We therefore calculate first the voting interests that will be held indirectly in TELPRI by America Móvil's Class AA and Class A shareholders. The second calculation will include shares held by all shareholders, Class AA, Class A and Class L shares.

56. We find, based on the record, that the Slim family holds 66.21 percent of the full voting shares of América Móvil.¹⁶⁹ We also find that, as the holder of 66.21 percent of America Movil's full

¹⁶⁴ See *infra* ¶ 60.

¹⁶⁵ See, e.g., Foreign Ownership Guidelines, 19 FCC Rcd 22612 (2004), erratum, 21 FCC Rcd 6484 (2006) (*Foreign Ownership Guidelines*).

¹⁶⁶ See November 1 Letter at 2-3. See also November 1 Letter at 2-3 and February 26 Letter at 3-4.

¹⁶⁷ According to the Transfer of Control Application, America Móvil's bylaws call for the board of directors to be composed of between five and 20 directors, a majority of whom must be Mexican citizens and elected by Mexican shareholders. In order to effectuate this provision, the bylaws prohibit non-Mexican entities from holding or acquiring AA shares, which elect a majority of the board, except through a trust that effectively neutralizes their votes in accordance with Mexican law. See Transfer of Control Application at 7-8 n.7; November 1 Letter at 2 n.7. America Movil further states that holders of L shares may elect no more than two members of America Movil's Board, regardless of the size of the Board. December 14 Letter at 3. The bylaws additionally provide that AA shares must never represent less than 20 percent of America Movil's capital stock; AA shares must always represent at least 51 percent of its full voting shares; and AA and A shares may be exchanged at the option of the holder for one L share. February 26 Letter at 3 n.6.

¹⁶⁸ These matters are as follows: the transformation of America Movil from one type of company to another; any merger of America Movil; the extension of America Movil's corporate life; America Movil's voluntary dissolution; a change in America Movil's corporate purpose; a change in América Móvil's state of incorporation; removal of America Movil's shares from listing on the Mexican stock exchange or any foreign stock exchange; and any action that would prejudice the rights of holders of L shares. See November 1 Letter at 3. A resolution on any of these specified matters requires the affirmative vote of both a majority of all outstanding shares and a majority of the AA shares and A shares voting together. See November 1 Letter at 3 and February 26 Letter at 3.

¹⁶⁹ See November 1 Letter at 2-3 and February 26 Letter at 2-3. We calculate, based on post-merger capital structure information provided by America Movil, that the Slim family, through interests held in Class AA shares, (continued.. ..)